

OVERSIGHT BOARD  
SUCCESSOR AGENCY  
TO THE WEST HOLLYWOOD  
COMMUNITY DEVELOPMENT COMMISSION

SEPTEMBER 24, 2015

SUBJECT: RESOLUTION OF THE OVERSIGHT BOARD OF THE  
SUCCESSOR AGENCY TO THE WEST HOLLYWOOD  
COMMUNITY DEVELOPMENT COMMISSION ADOPTING A  
RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR  
THE PERIOD FROM JANUARY 1, 2016 THROUGH JUNE  
30, 2016 PURSUANT TO HEALTH AND SAFETY CODE  
SECTION 34177

INITIATED BY: SUCCESSOR AGENCY

(David A. Wilson, Director of Finance & Technology Services) *Daw*

(John Leonard, Revenue Management Manager) *JRL*

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STATEMENT ON THE SUBJECT:

The Oversight Board will consider approval of the Recognized Obligation Payment Schedule for the period from January 1, 2016 through June 30, 2016.

RECOMMENDATION:

Adopt Resolution No. OB15-015 "A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD FROM JANUARY 1, 2016 THROUGH JUNE 30, 2016 PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177"

BACKGROUND ANALYSIS:

On February 1, 2012, pursuant to Assembly Bill x1 26 ("AB x1 26") all redevelopment agencies across the State were dissolved and successor agencies were established to wind-down their operations and obligations. Pursuant to Health and Safety Code Section ("H&SC") 34177(m), successor agencies are required to continue to make payments due for enforceable obligations of the former redevelopment agencies. A Recognized Obligation Payment Schedule ("ROPS") must be prepared by the Successor Agency to the West Hollywood Community Development Commission ("Successor Agency") setting forth the minimum payments required by enforceable obligations for each six-month fiscal period and presented to the Oversight Board of the Successor Agency ("Oversight Board") for approval.

The ROPS for the period from January 1, 2016 through June 30, 2016 ("ROPS No. 9 or ROPS 15-16B") must be approved by the Successor Agency's Oversight

Board and transmitted to the County Auditor-Controller ("Auditor-Controller"), State Department of Finance ("DOF"), and State Controller, no later than October 1, 2015. If the Successor Agency and Oversight Board fail to meet the October 1 deadline, the City of West Hollywood may be liable for substantial penalties, including a \$10,000 per day penalty for each day past the deadline.

The Successor Agency was required to submit a copy of the draft ROPS to the County Administrative Officer, Auditor-Controller, and DOF at the same time that it was submitted to the Oversight Board for approval; this requirement was met. The Auditor-Controller is authorized to object to any item on the ROPS or the proposed funding source prior to or after Oversight Board consideration. If the Oversight Board disagrees with the Auditor-Controller, it may refer the matter to DOF for final determination.

Once the ROPS is approved by the Oversight Board, DOF will have 45 days to review and approve the ROPS, or object to any of the enforceable obligations. If the Successor Agency disputes DOF's determination, it can request to meet and confer with DOF within 5 days of their determination. DOF will make the final determination regarding the dispute and must notify the Successor Agency and Auditor-Controller of its determination 15 days before the date of property tax distribution by the Auditor-Controller.

Below is a description of each enforceable obligation line item listed on ROPS 15-16B. Some line items are not shown on the ROPS, or included within this staff report, because those items have been retired (fully paid). For example, the descriptions below start with ROPS line item #7, line items 1-6 were for the former Community Development Commission's 2003 Tax Allocation Bonds, which were refinanced in December 2013. The line items associated with the 2003 bonds were retired and new enforceable obligations for the 2013 refunding bonds were created (line items 26-29 and 33-35). DOF requires that ROPS line items maintain their established line item numbers even when other enforceable obligations are retired.

In December 2013, the Successor Agency refinanced its 2003 Tax Allocation Bonds as part of the County of Los Angeles's Pooled Bond Refunding program. As part of the refunding, the Successor Agency is now required to request the entirety of debt service for each calendar year on ROPS B (the first ROPS of the calendar year). Funds associated with debt service for the period from January 1 through June 30, will be used to pay debt service during the ROPS B period (these amounts are shown on ROPS line items 7-8, 10-11, and 26-27), and funds associated with debt service for the period from July 1 through December 31, will be held in trust (reserve) by the trustee for the bonds and used to pay debt service during the ROPS A period (these amounts are shown on ROPS line items 30-35). This is required because the successor agency must reserve enough funding to pay debt service before it can use funds for any other expenses.

**ROPS 15-16B - (January 1, 2016 through June 30, 2016)**

ROPS 15-16B (Attachment 1) includes debt service payments, debt service reserves, and fees for the former redevelopment agency's 2011 tax allocation bonds and the Successor Agency's 2013 refunding bonds (refunded the former redevelopment agency's 2003 bonds).

**Enforceable Obligation Detail**

- 7) 2011 Tax Allocation Non-Housing Bonds Series A Debt Service (Principal) – Principal repayment for non-housing bonds; due on September 1 of each year. No funding is being requested for this line item because a payment is not due during the ROPS 15-16B period.

Payments Due: None

Payment Source: Redevelopment Property Tax Trust Fund  
("RPTTF")

- 8) 2011 Tax Allocation Non-Housing Bonds Series A Debt Service (Interest) – Interest payment for non-housing bonds; one half of the interest payment is due on March 1 and September 1 of each year. The funds requested on this line item are for the interest payment due during the ROPS 15-16B period (on March 1, 2016) in the amount of \$1,021,319.

Payments Due: \$1,021,319

Payment Source: RPTTF

- 9) 2011 Tax Allocation Non-Housing Bonds Series A Bond Trustee Fees – Bond fee payment for non-housing bonds; due on March 1 of each year.

Payments Due: \$1,750

Payment Source: RPTTF and Other Funds (Interest Gain)

- 10) 2011 Tax Allocation Housing Bonds Series B Debt Service (Principal) – Principal repayment for non-housing bonds; due on September 1 of each year. No funding is being requested for this line item because a payment is not due during the ROPS 15-16B period.

Payments Due: None

Payment Source: RPTTF

- 11) 2011 Tax Allocation Housing Bonds Series B Debt Service (Interest) – Interest payment for non-housing bonds; one half of the interest payment is due on March 1 and September 1 of each year. The funds requested on this line item are for the interest payment due during the ROPS 15-16B period (on March 1, 2016) in the amount of \$408,806.

Payments Due: \$408,806

Payment Source: RPTTF

- 12) 2011 Tax Allocation Housing Bonds Series B Bond Trustee Fees – Bond fee payment for housing bonds; due on March 1 of each year.  
Payments: \$1,750  
Payment Source: RPTTF
- 17) La Brea Courtyard Project (Permanent Financing Loan) – This obligation was denied by DOF on ROPS 3.
- 18) La Brea Courtyard Project (Oversight [Employee] Costs) – This obligation was denied by DOF on ROPS 3.
- 19) West Hollywood Community Housing Corporation – Disabled Access Improvements and Rehabilitation of Low and Moderate Income Affordable Housing Projects – This obligation was denied by DOF on ROPS 3.
- 20) Phase 1 – Plummer Park Master Plan (Construction Costs – Hard and Soft) – This obligation was denied by DOF on ROPS 3.
- 21) Phase 1 – Plummer Park Master Plan (Oversight [Employee] Costs) – This obligation was denied by DOF on ROPS 3.
- 24) Writ of Mandate in Los Angeles Unified School District v. County of Los Angeles – On June 15, 2012, a writ of mandate was issued in Los Angeles Unified School District v. City of Los Angeles, which imposes additional obligations on Los Angeles County and successor agencies within the County regarding pass-through payment calculations. First, the County Auditor-Controller must recalculate pass-through payments for each fiscal year from 2003-04 through January 31, 2012, consistent with the Court's order, and notify each successor agency of the correct amount. Successor agencies must then calculate the amount of statutory pass-through payments due to LAUSD pursuant to the writ of mandate, including 7% interest on the amount due. In June 2013, the Court ruled on the second phase of the case, siding again with LAUSD. The amount owed by the Successor Agency must be listed on subsequent ROPS and the full amount owed must be remitted to LAUSD. The successor Agency will place the required payment amount on a subsequent ROPS once it is received from the County and LAUSD.  
Payments: TBD  
Payment Source: RPTTF
- 25) Successor Agency Administrative Costs/Budget – A \$250,000 administrative allowance was approved by the Oversight Board in February, for the period July 1, 2015 through June 30, 2016. One-half of

this amount (\$125,000) was used for administrative expenses during the ROPS 15-16A period (July 1, 2015 through December 31, 2015) and one-half was reserved for administrative expenses for the ROPS 15-16B period (January 1, 2016 through June 30, 2016).

Payments: \$125,000  
Payment Source: Reserve Balance

- 26) 2013 Tax Allocation Refunding Bonds Debt Service (Principal) – Principal repayment for non-housing bonds; due on September 1 of each year. No funding is being requested for this line item because a payment is not due during the ROPS 15-16B period.

Payments Due: None  
Payment Source: RPTTF

- 27) 2013 Tax Allocation Refunding Bonds Debt Service (Interest) – Interest payment for non-housing bonds; one half of the interest payment is due on March 1 and September 1 of each year. The funds requested on this line item are for the interest payment due during the ROPS 15-16B period (on March 1, 2016) in the amount of \$209,763.

Payments Due: \$209,763  
Payment Source: RPTTF

- 28) 2013 Tax Allocation Refunding Bonds Trustee Fees – Trustee fees (Bank of New York) for the new 2013 Successor Agency Refunding Bonds; due in December of each year. No funding is being requested for this line item because a payment is not due during the ROPS 15-16B period.

Payments Due: None  
Payment Source: RPTTF

- 30) 2011 Tax Allocation Non-Housing Bonds Series A (Principal) - Reserves Prefunding/reserve requirement for bond debt service payment due in the up-coming ROPS 16-17A period, as required by the bond indenture and described previously in this staff report. The funds requested on this line item are for the principal payment due during the ROPS 16-17A period (on September 1, 2016) in the amount of \$305,000.

Payments Due: \$305,000  
Payment Source: RPTTF

- 31) 2011 Tax Allocation Non-Housing Bonds Series A (Interest) - Reserves Prefunding/reserve requirement for bond debt service payment due in the up-coming ROPS 16-17A period, as required by the bond indenture and described previously in this staff report. The funds requested on

this line item are for the interest payment due during the ROPS 16-17A period (on September 1, 2016) in the amount of \$1,021,319.

Payments Due: \$1,021,319  
Payment Source: RPTTF

- 32) 2011 Tax Allocation Housing Bonds Series B (Principal) - Reserves  
Prefunding/reserve requirement for bond debt service payment due in the up-coming ROPS 16-17A period, as required by the bond indenture and described previously in this staff report. The funds requested on this line item are for the principal payment due during the ROPS 16-17A period (on September 1, 2016) in the amount of \$55,000.

Payments Due: \$55,000  
Payment Source: RPTTF

- 33) 2011 Tax Allocation Housing Bonds Series A (Interest) - Reserves  
Prefunding/reserve requirement for bond debt service payment due in the up-coming ROPS 16-17A period, as required by the bond indenture and described previously in this staff report. The funds requested on this line item are for the interest payment due during the ROPS 16-17A period (on September 1, 2016) in the amount of \$408,806.

Payments Due: \$408,806  
Payment Source: RPTTF

- 34) 2013 Tax Allocation Refunding Bonds (Principal) - Reserves  
Prefunding/reserve requirement for bond debt service payment due in the up-coming ROPS 16-17A period, as required by the bond indenture and described previously in this staff report. The funds requested on this line item are for the principal payment due during the ROPS 16-17A period (on September 1, 2016) in the amount of \$310,000.

Payments Due: \$310,000  
Payment Source: RPTTF

- 35) 2013 Tax Allocation Refunding Bonds (Interest) - Reserves  
Prefunding/reserve requirement for bond debt service payment due in the up-coming ROPS 16-17A period, as required by the bond indenture and described previously in this staff report. The funds requested on this line item are for the interest payment due during the ROPS 16-17A period (on September 1, 2016) in the amount of \$209,763.

Payments Due: \$209,763  
Payment Source: RPTTF

FISCAL IMPACT:

The enforceable obligations included on ROPS 15-16B require funding in the amount of \$4,078,276. Of this amount \$125,236 will come from non-RPTTF monies that the Successor Agency currently holds; including \$125,000 in administrative allowance reserves (requested on the prior ROPS) and \$236 in interest gain. The remaining \$3,953,040 will come from RPTTF monies, and is equal to the requested amount on this ROPS.

Of the \$3,953,040 in RPTTF monies being requested on this ROPS, \$1,643,152 is for debt service payments due during the six month period of January 1, 2016 through June 30, 2016, and \$2,309,888 is for debt service payments that will be due during the ROPS 16-17A period (July 1, 2016 through December 31, 2016).

The \$2,309,888 for debt service payments due during the ROPS 16-17A period are considered reserves and will be held by the bond trustee until the payments are due on September 1, 2016.

ATTACHMENTS:

Attachment 1: Recognized Obligation Payment Schedule (15-16B) for the period January 1, 2016 through June 30, 2016.

Attachment 2: Resolution No. OB15-015 "A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD FROM JANUARY 1, 2016 THROUGH JUNE 30, 2016 PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177"